

# Executive Order No. 241

## Establishing an Oil and Gas Task Force

**WHEREAS**, the Olbiil Era Kelulau has, in Senate Joint Resolution No. 7-54, SD2, HD1, requested "that the President seek technical assistance from the World Bank, Asian Development Bank and other donor organizations to conduct a comprehensive study and provide advice in the form of recommendations to improve House Bill No. 7-16-1, HD1; and

**WHEREAS**, the Olbiil Era Kelulau has, in a Memorandum of Agreement between the President and the Chairmen of the House Committee on Resources and Development and the Senate Committee on Resources, Commerce, Trade and Development, recommended the creation of a broad based Oil and Gas Task Force, composed of representatives from the Executive and Legislative Branches, states and membership from the private sector, focusing on representation from the tourism and fisheries sectors, which tasks shall be to: (i) assess the viability and the environmental and socioeconomic impact of the development of a petroleum sector; (ii) propose the necessary petroleum legislation, contract and fiscal policies, and associated regulatory framework; and (iii) propose institutional arrangements for the management and oversight of the sector at national and state level.

**NOW THEREFORE**, by virtue of the authority vested in me as President of the Republic of Palau, pursuant to the Constitution and applicable laws of the Republic, it is hereby ordered as follows:

**1. Creation of Oil and Gas Task Force.** There is hereby established an Oil and Gas Task Force ("*Taskforce*").

**2. Composition.** The Task Force shall be composed of the following members:

- Two members appointed by the President;
- One member appointed by the Senate;
- One member appointed by the House of Delegates;
- One member appointed by the Environmental Quality Protection Board;

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- Two members appointed by the Chamber of Commerce, one representing the tourism sector and one representing the fisheries sector; and
- Two members appointed by the Governors Association.

The Task Force will avail itself of the assistance of international advisers, including but not limited to the World Bank and the Earth and Energy Directorate of the Faroe Islands.

**3. Powers and Duties of the Task Force.** The powers and duties of the Task Force are as follows:

- a) To oversee and direct the analysis and the preparation of a comprehensive report on the following:
  1. The prospectivity of oil and gas in Palauan off-shore;
  2. The possible impact of hydrocarbons in the Republic's territory and the impact of oil exploration and production on the Palauan environment, economy and community;
  3. Recommendations on the opportunity and alternative ways for developing the oil and gas sector;
- b) Based on comments from the President and the Olbiil Era Kelulau on the Task Force report, oversee and direct the preparation of:
  1. Recommendations on the institutional set up for the management and oversight of the oil and gas sector, including the related financing, staffing, technical assistance and capacity building needs; and
  2. A draft comprehensive sector legislation, taking into account House Bill No. 7-16-1, HD1, the Palau National Petroleum Act, including a hydrocarbon code, model agreement, and related environmental, operational and tax regulations.

**4. Meetings.** The Task Force shall initially meet at 2:00 p.m., in the Office of the President, on March 15, 2007, and shall meet at least once every two weeks thereafter.

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At the first meeting, the Task Force shall elect one of its members as Chair and another as Vice Chair. The Task Force shall also designate, from among its members, a Secretary to keep the minutes and records of the Committee.

**5. Administrative Support.** - Administrative support for the Task Force shall be provided by the Office of the President, the OERC, the Ministry of Resources and Development and other government agencies, as required.

**6. Reporting.** - The Task Force shall develop a comprehensive report, as provided for in Section 3, to be distributed to the President and to both Houses of the Olbiil Era Kelulau within three months after the creation of the Task Force. The Task Force shall also develop provide such other reports as required by the President and by the donors.

**7. Funding.** - Funding of the Task Force will be ensured through special allocations from the national budget, and from grants provided by international donors. Funding for the activities listed under Section 3, paragraph b.2 shall be provided by a multi-donor trust fund to be established and administered by the World Bank, and by funds provided by the Republic of Palau, and in respect of which the OERC shall be the implementing agency.

**8. Term of the Task Force.** - The Task Force shall remain in existence for six (6) months, or until completion of its assignment, unless early termination occurs by decree of the President. Upon completion of the Task Force's work, appropriate government agencies will be created by law, and will be tasked with the implementation of the relevant legislation, the promotion and marketing of Palau's reserves to the industry, and the oversight and administration of the petroleum sector

**SO DIRECTED THIS 16<sup>th</sup> DAY OF FEBRUARY 2007.**

/s/ \_\_\_\_\_  
**Tommy E. Remengesau, Jr.**  
**President of the Republic of Palau**